

Gallup Area Office
P. O. Box 1060
Gallup, New Mexico

MAR 22 1963

For Government Use Only

Commissioner, Bureau of Indian Affairs

Washington 25, D. C.

Attention: Assistant Commissioner (Economic Development)

Dear Sir:

In your teletype of February 13, 1963, to this office, you requested a report and recommendation from the Mining Supervisor of the United States Geological Survey and the Area officials on (b) (4) proposal to lease land presently included in permit held by The Anaconda Company and land adjacent to the permit area, all being tribal land of the Laguna Pueblo Tribe. Your March 11, 1963, letter to this office reveals that the proposal heretofore referred to as coming from (b) (4) is actually made by UCO, Incorporated. We had noticed this from the Certificate of Incorporation which was submitted with the offer from UCO early in January 1963. The Certificate of Incorporation was filed in the New Mexico State Corporation Commission office on January 4, 1963, and shows Harry L. Bigbee, Harl D. Byrd and Zerme P. Mening III as incorporators. The certificate indicates that the corporation was formed on October 3, 1962.

The following information is background and explanatory. The essential information requested in your teletype is contained in the Mining Supervisor's report dated March 18, 1963, which is enclosed herewith and made a part of this report.

Our letter to you of February 1, 1962, submitted a proposed amendment to the existing permit now held by The Anaconda Company with the Pueblo of Laguna. We recommended approval of this amendment as being in the best interests of the Pueblo of Laguna. At that time we had received the proposal of UCO and had notified them (with copy to the Laguna Tribe) that the land on which they desired



9422093

POL-EPA01-0006959

a permit, with the exception of some 6,400 acres, was under permit to another company and was not available for permitting at this time. We should like to emphasize that UCO's offer was submitted to the Laguna Tribe at the time we received copies and the Tribe has not taken any action whatsoever, and there has been no indication that they intend to do so. More importantly, they have inquired as to when they might expect approval of their agreement with Anaconda.

UCO's reply of January 17, 1963, to General Superintendent Guy C. Williams' letter of January 15, 1963, states "that the only possible outstanding permit has expired by the very terms and provisions contained therein." The agreement of September 9, 1953, as approved by the Commissioner on October 7, 1953, between the Pueblo of Laguna and Anaconda Copper Mining Company, which is in effect an amendment to the Mineral Prospecting Permit dated October 16, 1951, between this company and the Tribe, provides in paragraph one on page two that "Anaconda is granted the right to renew said permit each year for nine successive years, commencing November 27, 1954, by giving written notice to the Pueblo and the Area Director at least 30 days before the end of each permit year that Anaconda wishes to extend the permit....."

We wish to point out that in compliance with this provision, notice of renewal from Anaconda for the permit year 1962-1963 was sent to the Laguna Tribe by certified mail on October 18, 1962. This was receipted for on October 20, 1962, by Josephine Chavez, the Laguna Tribal Office Secretary. An identical notice was delivered by messenger to General Superintendent Guy C. Williams and receipted for by him on October 18, 1962. The total acreage retained under the permit for the permit year 1962-1963 is the same as for the previous permit year of 1961-1962, amounting to 31,364.50 acres.. We are submitting herewith copies of Anaconda's applications, with attachments, for the past three years. In each instance the expenditure list covers prospecting and exploration by this company on lands of the Pueblo of Laguna for the period stated and for the permit area covered, which includes the 31,364.50 acres. We are advised by the company that expenditures for prospecting and exploration from December 1962 to the present amount to approximately \$60,000. Thus it will be noted that the \$60,000 added to the expenditures for the three previous years equal a total of \$603,865.76 which has been expended by Anaconda since November 1959 in proving and analyzing the ore bodies included within the area now held under permit.

The Commissioner's letter of November 28, 1962, to the Area Director, file Real Property Management, Minerals, 9950-58, states in the second paragraph as follows: "It should be borne in mind that Anaconda may surrender acreage under existing leases (apparently covering 4,988.48 acres) and take new leases under the permit." In the negotiations between the Laguna Pueblo and Anaconda on the amendment now under consideration in your office, Anaconda stated that they could, if necessary, drop acreage now held under lease and take new acreage under lease within the existing permit area. This arrangement was not looked on with favor by the Pueblo, since leases taken under this plan would contain the royalty scale starting (b) (4)

[REDACTED] This is the royalty stipulated in the original contract and all leases that had been taken thereunder. It was agreed between both parties that an amendment would be desirable inasmuch as there would be mutual benefits. In consideration of The Anaconda Company's request to the Tribe for the right to take additional acreage above the 5,120 acre limitation provided in the original permit as amended and for the right to use more than 10 acres for buildings such as shops, etc., and also for the right to consider the development and production of minerals in paying quantities on any lease as meeting the requirements for the development and production on all leases, the company agreed, among other things, to make certain concessions to the Tribe, such as providing for a (b) (4)

[REDACTED]

The Mining Supervisor's report dated March 18, 1963, analyzing and setting forth the potential value to be derived by the Pueblo under the amendment presented by Anaconda and the proposal of UCO, is very specific in outlining the advantages to the Laguna Pueblo of the Anaconda proposal over that of UCO and makes a specific recommendation that the UCO proposal be rejected. We fully concur with this recommendation.

As heretofore stated by this office and in the Mining Supervisor's report, we wish to point out that the permitted lands involved are not available for disposal to any parties other than Anaconda until after November 26, 1963.

It should be noted from the Regional Mining Supervisor's report and Anaconda's letter of March 13 to General Superintendent Guy C. Williams, copy of which is herewith enclosed, that the information obtained from Anaconda and included in the Mining Supervisor's report is highly confidential and that under no circumstances should it be made available to other parties.

We are herewith submitting eleven copies of the above mentioned amendment of Anaconda. Two copies of this amendment were submitted to your office with our letter of February 1, 1963. When approved we would like to have twelve copies returned for distribution.

We hope this information will enable you to make an early decision in this case.

Sincerely yours,

Walter G. Olson
Area Director

Enclosures

cc: Mr. R. S. Fulton, USGS, Carlsbad
United Pueblos Agency, Realty